

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 03529 01 OF 02 142020Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 CEA-01 COME-00 EB-08 EA-10 EUR-12 FRB-03
IO-13 NEA-10 OPIC-03 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 JUSE-00 FTC-01 /140 W
-----019360 150250Z /75

R 141847Z APR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1940
INFO AMEMBASSY BOGOTA
AMEMBASSY BRIDGETOWN
USCINCLANT NORFOLK VA
USCINCSO QUARRY HEIGHTS

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 3529

E.O. 11652: N/A
TAGS: EFIN PEPR PINT BB VE
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARCAS 2456

SUMMARY: CALDERA REPLIES TO PEREZ' STATE OF THE NATION ADDRESS:
"WHERE HAS ALL THE MONEY GONE" AD MASS RALLY IN CARACAS A
SUCCESS. THE SUPREME ELECTORAL COUNCIL ESTABLISHES SOME MORE
RULES OF THE GAME. FOREIGN MINISTER OF BARBADOS VISITS VENEZUELA.
IMPLEMENTATION OF TAX REFORM DELAYED. END SUMMARY.

1. CALDERA REPLIES TO PEREZ "WHERE HAS ALL THE MONEY GONE"
THE EVENING OF APRIL 10, FORMER PRESIDENT RAFAEL CALDERA
(COPEI PARTY) ADDRESS THE SENATE AND MADE COPEI'S REPLY TO
PRESIDENT PEREZ' MARCH 10 DEFENSE OF HIS OWN ADMINISTRATION
(CARACAS 2456). CALDERA ATTACKED THE SPENDING POLICY OF THE
PEREZ YEARS, THE FACT THAT VENEZUELA HAS FOUND IT NECES-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 03529 01 OF 02 142020Z

SARY TO BORROW FROM FOREIGN BANKS AND ISSUED A DETAILED
LIST OF GOV PROJECTS HE CLAIMED HAD FAILED. CALDERA
ACCUSED PEREZ OF DIRECT INTERVENTION IN THE PRESIDENTIAL
CAMPAIGN, SAID THAT PEREZ HAD DELIBERATELY ABANDONED
MANY OF CALDERA'S PROJECTS FOR POLITICAL PURPOSES, AND
SIMPLY SPENT TOO MUCH WITHOUT CONCRETE RESULTS. "WHERE
HAS ALL THE MONEY GONE," HE CRIED, SAYING THAT EXPENDI-

TURES FOR EDUCATION, HEALTH, AGRICULTURE, TRAFFIC AND ELECTRICITY HAVE SIMPLY NOT BEEN SUFFICIENT NOR EFFICIENT. HE THEN ENDED ON A SOUR NOTE, RECALLING HE HAD REFUSED TO ATTEND THE 1976 PETROLEUM NATIONALIZATION CEREMONIES BECAUSE PEREZ HAD NEGOTIATED TECHNOLOGICAL AND SALES CONTRACTS WITHOUT COPEI KNOWLEDGE OR CONSENT. FURTHER, SAID CALDERA, PEREZ MISHANDLED VENEZUELA'S ROLE IN OPEC AND EVEN ABETTED THE OVERALL WEAKENING OF OPEC AS AN ORGANIZATION. FINALLY, SAID CALDERA, PRESENT ECONOMIC CONDITIONS POINT TO POTENTIAL EXPLOITATION OF THE ORINOCO TAR BELT BY TRANSNATIONAL CORPORATIONS AND AN INCREASED DEPENDENCE BY VENEZUELA ON TNCs. CARMELO LAURIA, SECRETARY GENERAL OF THE PRESIDENCY AND PEREZ' CHIEF ECONOMIC ADVISOR DISPUTED CALDERA'S DATA, SAYING THAT THE FORMER CHIEF EXECUTIVE MADE NUMEROUS FACTUAL ERRORS IN HIS PRESENTATION. DR GONZALO BARRIOS, PRESIDENT OF CONGRESS AND OF THE AD PARTY IN A MAJOR SPEECH BEFORE THE SENATE ALSO DEFENDED THE PEREZ ADMINISTRATION'S RECORD, NOTING AMONG OTHER THINGS, THAT COPEI OFFICIALS WERE INVOLVED IN THE DRAFTING OF THE PETROLEUM NATIONALIZATION LEGISLATION. BARRIOS ENDED ON AN UPBEAT NOTE, CALLING FOR A POLITICAL CONSENSUS TO OVERCOME BOTTLENECKS TO THE COUNTRY'S DEVELOPMENT. COMMENT: CALDERA'S SPEECH WAS NOT MERELY CAMPAIGN DISCOURSE, BUT A RATHER EMBITTERED POLEMIC WHICH STOPPED JUST SHORT OF EXCEEDING THEIR PERMISSIBLE BOUNDS OF POLITICAL RHETORIC HERE. IN PARTICULAR, CALDERA'S REIT-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 03529 01 OF 02 142020Z

ERATION OF COPEI'S OPPOSITION TO ART 5 OF THE 1975 PETROLEUM NATIONALIZATION BILL, AND HIS MENTION OF HIS REFUSAL TO ATTEND THE NATIONALIZATION CEREMONY (AN ACT OF ILL GRACE MANY HAVE NOT FORGOTTEN) EMPHASIZES COPEI'S ALMOST PALABLE REGRET OVER NOT HAVING ACHIEVED THE PETROLEUM NATIONALIZATION ITSELF. HIS CUTTING REMARKS ABOUT OPEC AND THE TAR BELT ALSO INDICATED JUST HOW SENSITIVE THESE ISSUES REMAIN FOR COPEI IN GENERAL, AND CALDERA IN PARTICULAR. END COMMENT.

2. AD HOLDS MASS DOWNTOWN RALLY IN CARACAS TO DEMONSTRATE URBAN STRENGTH

TENS OF THOUSANDS OF AD MILITANTS FILLED SIX BLOCKS OF A MAJOR DOWNTOWN THOROUGHFARE THE EVENING OF APRIL 13 TO HEAR FORMER PRESIDENT BETANCOURT AND AD PRESIDENTIAL CANDIDATE LUIS PINERUA ORDAZ. BETANCOURT TOLD THE ASSEMBLED FAITHFUL THAT ONLY PINERUA HAS THE EXPERIENCE, STRENGTH AND CAPACITY (THE AD SLOGAN) TO LEAD VENEZUELA. PINERUA PROMISED THE CROWD FREE ENTRY TO SPORTS EVENTS FOR YOUNGSTERS, COLOR TV AND BETTER HEALTH CARE, HOUSING, EDUCATION AND PERSONAL SECURITY. COMMENT: CARACAS HAS BEEN A MAVERICK CITY ELECTORALLY WITH ITS DENIZENS HIS-

TORICALLY VOTING FOR INDEPENDENTS OR THIRD PARTY CANDI-
DATES. THUS, AD ORGANIZERS HELD THE RALLY TO DEMONSTRATE
THAT AD CAN INDEED TURN OUT A MASSIVE CORWD HERE. WE DO
NOT HAVE AN ESTIMATED OF THE CROWD, BUT THE PUBLICITY
GENERATED BY THE MEETING GAVE FURTHER IMPETUS TO THE GENERAL
BELIEF THAT THE AD MACHINE, NATIONALLY AND LOCALLY,
IS ALIVE AND WELL. END COMMENT.

3. THE SUPREME ELECTORAL COUNCIL ESTABLISHES SOME MORE
RULES OF THE GAME
THE SUPEREME ELECTORAL COUNCIL (CSE) IN AN APRIL 10 MEETING
WITH REPRESENTATIVES OF ALL VENEZUELAN POLITICAL PARTIES
AGREED THAT CITY PLAZAS SHOULD NOT BE SEIZED BY PARTY
SUPPORTERS FOR MEETINGS UNTIL FURTHER RULES HAVE BEEN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CARACA 03529 01 OF 02 142020Z

WORKED OUT. THE PARTY REPRESENTATIVES ALSO AGREED VERBALLY
TO RESPECT ONE ANOTHER'S WORKERS AND CAMPAIGN PROPAGANDA.
IN A MEETING APRIL 13, LEONARDO MONTIEL ORTEGA'S "MOVEMENT
OF NATIONAL RENOVATION (MORENA)" RECEIVED THE CSE'S BLESSING
TO OPERATE LEGALLY AT THE NATIONAL LEVEL. THE CSE, HOWEVER,
WAS UNABLE TO REACH AN AGREEMENT CONCERNING THE ROLE
OF GOVERNMENT INFORMATION IN THE CAMPAIGN, AND PRECISE
RESTRICTIONS ON CAMPAIGN PROPOGANDA. COMMENT: LAST WEEK

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CARACA 03529 02 OF 02 142039Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 CEA-01 COME-00 EB-08 EA-10 EUR-12 FRB-03
IO-13 NEA-10 OPIC-03 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 JUSE-00 FTC-01 /140 W
-----019554 150250Z /75

R 141847Z APR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1941
INFO AMEMBASSY BOGOTA
AMEMBASSY BRIDGETOWN
USCINCLANT NORFOLK VA

USCINCSO QUARRY HEIGHTS

LIMITED OFFICIAL USE SECTION 2 OF 2 CARACAS 3529

THE CSE HAD RULED THAT CITY PLAZAS COULD BE USED ONLY FOR POLITICAL DEMONSTRATIONS ON WEEKENDS, BUT THIS NEW RULING MEANS THAT EVEN THIS ACTIVITY IS OFFICIALLY IN ABEYANCE UNTIL THE CSE MAKES A FUTHER FINDING. THE CURRENT SQUABBLE ABOUT THE ROLE OF THE GOVERNMENT MEDIA AND PROPAGANDA RESTRICTIONS FOCUSES ON THE INFLUENCE THAT THE GOV CONTROLLED MEDIA HAVE ON REPORTING CAMPAIGN NEWS AND WHAT CONSITUTES "INORMATION" (LEGITIMATE) AS OPPOSED TO "PROPAGANDA" (ILLEGITIMATE), AS WELL AS THE ACTUAL AMOUNT OF CAMPAIGN MEDIA AND PRINT MATERIAL THE CSE WILL EVENTUALLY AUTHORIZE. END COMMENT

4. FOREIGN MINISTER OF BARBADOS VISITS VENEZUELA

A. FOREIGN MINISTER HENRY FORDE OF BARBADOS MADE A FOUR DAY VISIT TO VENEZUELA APRIL 3-7, TOGETHER WITH OTHER BARBADIAN FOREIGN MINISTRY OFFICIALS AND THE GOVERNOR OF THE BARBADOS CENTRAL BANK. THE DELEGATION MET WITH PRESIDENT PEREZ, FONMIN CONSALVI AS WELL AS THE MINISTERS OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 03529 02 OF 02 142039Z

EDUCATION, AGRICULTURE, COMMUNICATION AND TRANSPORT, AND REPRESENTATIVES OF THE VENZUELAN INVESTMEN FUND.

B. FORDE SIGNED A CULTURAL EXCHANGE AGREEMENT WITH FONMINCONSALVI AUTHORIZING THE ESTABISHMENT OF LANGUAGE INSTITUTES IN CARACAS AND BARBADOS. IN ADDITION, VENEZUELA AGREED TO SPEND PETROLEUM ND FISHERIES EXPERTS TO OBSERVE BARBADIAN OPERATIONS AND THE FEASIBILITY OF JOINT BUSINESS VENTURES. FORDE ALSO ANNOUNCED THAT PRESIDENT PEREZ WOULD VISIT BARBADOS BEFORE THE END OF THE YEAR.

C. DURING THE PRESS INTERVIE, WHEN FORDE WAS QUESTIONED ON THE CUBAN ROLE IN AFRICA, HE RESPONDED SAYING THE CUBANS HAD "GOOD REASON" TO INVOLVE ITS TROOPS IN ANGOLA NA DMOZAMBIQUE, NOTING THAT CUBAN TROOPS HAD BEEN INVITED BY GOVERNMENTS WHICH FEARED SOUTH AFRICAN INTERVENTION.

5. IMPLEMENTATION OF TAX REFORM DELAYED

EARLIER REPORTS NOTWITHSTANDING, FINAL CONTRESSIONAL ACTION ON THE INCOME TAX REFORM BILL WILL BE DELAYED UNTIL NEXT WEEK. CONGRESSIONAL LEADERS HAD HOPED TO FINSH WORK ON THIS CONTROVERSIONAL BILL THIS WEK, AFTER THE CHAMBER OF DEPUTIES ACCEPTED MODIFICATONS SUGGESTED BY AND APPROVED BY THESENATE LAST DECEMBER. THE NEW LAW IS EXPECTED TO GO INTO EFFECT JULY 1 OF 1978. MEANWHILE, DISCUSSIONS ON THE NEW CIGARETTE AND TOBACCO TAX WERE TO BE INITIATED BY THE

CHAMBER OF DEPUTIES APRIL 12. THIS BILL CALLS FOR A FIVE PERCENT SALES TAX ON CIGARETTES AND A 30 PERCENT TAX ON SALES OF CIGARS AND PIPES.

6. OTHER REPORTING THIS WEEK INCLUDED PALESTINIAN REPRESENTATION IN VENEZUELA (CARACAS 3478), NAMIBIA: WESTER FIVE REVISED PROPOSAL (CARACAS 3361), GOV STATEMENTS ON NICARAGUAN SITUATION HEAT UP (CARACAS 3263), MAJOR PROJECT-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 03529 02 OF 02 142039Z

CARACAS METRO (CARACAS 3422), OAS ANNUAL SCCN MEETING APRIL 25-29 (CARACAS 3357), CIVAIR-GROWING PROBLEMS WITH THE GOV(CARCAS 3216), VENEZUELAN INTEREST IN FISHING AGREEMENT WITH THE US (CARACAS 3233), SELA MINISTERIAL CONCLUDES (CARACAS 3268).
VAKY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA03529
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780161-1021
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780456/aaaabvan.tel
Line Count: 244
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 93a501b0-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2965261
Secure: OPEN
Status: NATIVE
Subject: THIS WEEK IN VENEZUELA
TAGS: EFIN, PEPR, PINT, BB, VE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/93a501b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014